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SERVICE SECTOR INDICATORS

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SERVICES GROWTH SLOWS

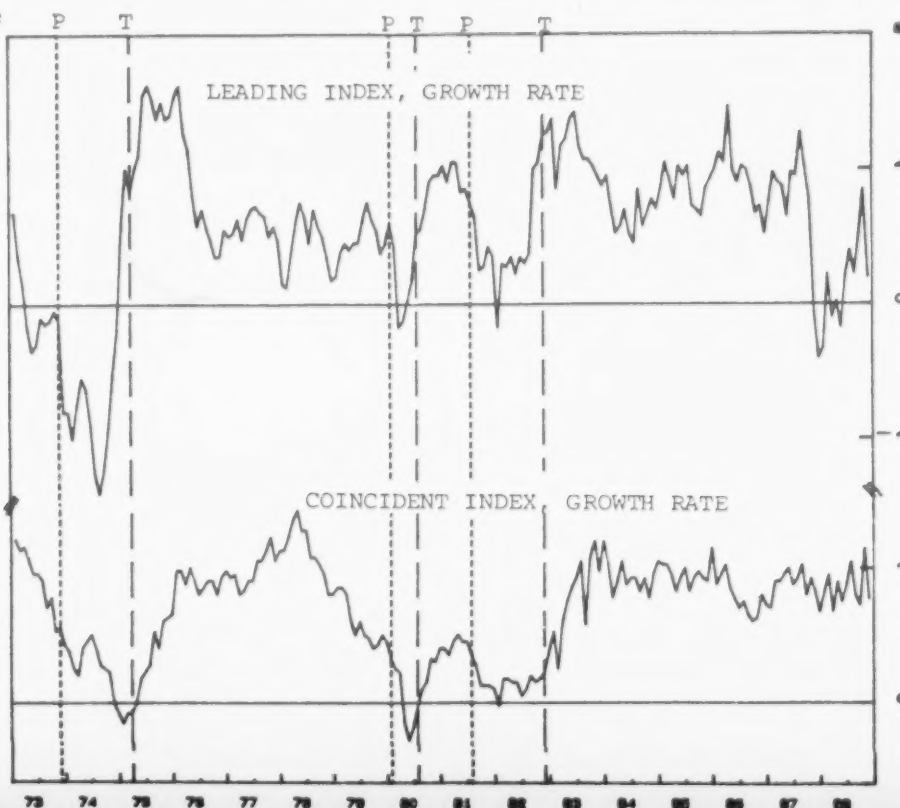
The leading index of service sector activity grew at an annual rate of 0.8% in November, down sharply from a revised 3.4% in October. The weakness in the index stems from a drop in the average workweek and in stock prices for services. Figures for contracts for commercial building construction and profitability in service industries were unavailable for November.

Personal consumption of services, labor income earned, and total employee hours worked in service industries were all down in November. The smoothed annual growth rate in the coincident index for service sector economic activity fell to 3.1% in November, down from 4.6% in October. In other words, growth in service sector economic activity continues much as in recent months, at a slightly moderated pace.

The sharp drop in growth of the leading index, which usually anticipates future services activity by 6 to 12 months, unless reversed soon, portends slower growth in the service sector in the months ahead.

Business Cycle
Peaks (P) and
Troughs (T)

Percent
Annual Rate



LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1987:						
Feb.	148.4	3.9	32.99	756	97.5	113.5
March	148.6	3.6	32.92	799	100.0	113.2
April	148.9	3.5	32.95	827	95.0	113.9
May	148.5	2.6	32.99	743	93.6	112.8
June	149.9	3.9	32.88	904	100.1	114.3
July	150.3	3.8	32.93	857	101.1	114.5
Aug.	151.7	5.1	33.06	851	107.7	114.9
Sept.	151.4	4.1	33.00	884	103.4	114.8
Oct.	151.1	3.1	32.97	813	92.1	117.1
Nov.	148.9	-0.2	32.96	779	81.8	112.7
Dec.	148.0	-1.6	32.68	890	79.2	111.6
1988:						
Jan.	148.4	-1.3	32.88	716	82.3	110.7
Feb.	150.2	0.9	32.94	948	86.0	111.6
Mar.	149.3	-0.4	32.70	771	87.5	111.9
Apr.	149.8	0.1	33.01	718	85.3	110.2
May	149.2	-0.7	32.80	716	83.0	110.6
June	150.5	0.8	32.82	782	89.2	111.1
July	151.2	1.6	33.04	771	88.7	110.4
Aug.	150.7	0.9	32.72	820	87.9	111.3
Sept.	151.5r	2.0r	32.82r	771	91.0	111.5
Oct.	152.6r	3.4r	33.03r	663	94.3	---
Nov.	150.7	0.8	32.78	---	91.7	---

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982\$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982\$, ann. rate)	Services Labor Income (bil. 1982-84\$, ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1987:						
Feb.	174.2	3.6	1778.2	1222.1	640.043	103.100
March	174.7	3.6	1784.5	1230.3	640.428	103.256
April	175.3	3.8	1790.9	1232.1	642.172	103.776
May	175.9	4.0	1797.2	1236.3	644.708	104.084
June	176.0	3.5	1800.3	1238.1	643.458	104.339
July	176.7	3.7	1803.5	1245.7	646.298	104.771
Aug.	177.6	4.1	1806.6	1250.7	652.241	105.332
Sept.	177.3	3.2	1811.8	1244.5	649.286	105.391
Oct.	178.3	3.7	1817.1	1256.6	654.064	105.786
Nov.	178.5	3.3	1822.3	1250.2	656.031	106.077
Dec.	178.4	2.7	1826.0	1254.1	653.886	105.794
1988:						
Jan.	179.5	3.3	1829.7	1260.7	660.884	106.641
Feb.	180.5	3.8	1833.4	1268.2	663.790	107.636
Mar.	180.0	2.7	1837.6	1269.0	659.442	107.032
Apr.	181.3	3.6	1841.9	1269.4	669.368	108.109
May	181.2	3.0	1846.1	1272.0	668.072	107.786
June	182.1	3.5	1850.8	1283.1	668.889	108.546
July	183.3	4.2	1855.6	1285.9r	676.839	109.713
Aug.	182.9	3.2	1860.3	1292.3r	671.184r	108.916
Sept.	183.1	2.9	---	1288.5r	673.892r	109.243r
Oct.	185.2	4.6	---	1301.2r	683.351r	110.325r
Nov.	184.4	3.1	---	1299.9	677.514	109.978

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months. r = revised.

- Sources:
3. Bureau of Labor Statistics, Production and non-supervisory workers.
 4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.
 5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.
 6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.
 - 9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.
 11. Bureau of Labor Statistics. Payroll index, 1977=100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.
 12. Bureau of Labor Statistics, all employees.